

**M I S S O U L I A N E D I T O R I A L**

# Opinion

## **Mandated coverage helps drive up prices**

**SUMMARY:**  
Legislative debate over birth control helps illustrate our lack of cost control.

**H**ealth insurance premiums for the average family will cost more than \$14,500 next year, up \$5,000 in just three years, according to the National Coalition on Health Care. Rising cost makes health insurance unaffordable for too many people and a burdensome expense even for those who can afford it.

A lot of factors contribute to these rising costs. One seldom-considered factor is on display over at the Montana Legislature. Lawmakers are considering a proposal to require all insurance companies that provide any prescription coverage to include coverage for all forms of birth control.

Our concern isn't whether insurers cover contraception. Many already do, and we certainly have no complaint about those that do. But mandated coverage of things

like contraceptive drugs and devices highlights what's gone wrong with insurance in general. Insurance is a mechanism for hedging risks. The idea is to pool risk and resources with others to cover extraordinary expenses. At least, that used to be the idea - you pay the routine costs and rely on insurance to cover the major expenses. However, people have increasingly demanded wall-to-wall health care coverage - policies that not only include things like contraceptives, but also things like Viagra, alcohol detox, gastric bypass, chiropractic treatment.

Indeed, insurance has morphed from a hedging mechanism into a system for paying for all health care. So, of course health care insurance costs more. It includes more.

Insurance doesn't pay for anybody's health care costs. The people who buy insurance are the

ones who pay. Insurance premiums directly reflect the cost of benefits plus profit for the insurance company. Passing a law requiring additional benefits passes the cost of those benefits directly to insurance customers.

Insurance is a fine way to share risk, but it's a terribly inefficient way to pay for moderate, routine expenses. Contraceptive drugs and devices aren't free, but they're scarcely a ruinous expense. The only way buying them with insurance premiums makes sense to you is if you can shift part of your cost to other insurance customers who don't buy contraceptives. That makes insurance a form of cost-shifting, not financial protection.

Yet you aren't the only one shifting costs. Others lobby to expand coverage to include routine treatment or drugs they want, so some of their

costs get shifted to you. The overall effect is to make health care insurance more expensive for everyone.

The free market supposedly will sort all of this out. At the point you can't afford insurance premiums or your employer decides he can't, more narrowly focused insurance coverage undoubtedly seems more appealing. The sellers of insurance and the buyers of insurance could be trusted to figure all of this out.

Except, in comes the Legislature or Congress, passing laws telling the customers what they must buy and the sellers what they must sell.

And we all wind up paying higher insurance prices - if we're lucky. Legislators who mandate benefits claim that they are giving us a gift. Just remember that it is a gift that they are paying for with our money and a gift we have to buy if we want it or not.